

DAAlert on Solid Waste Issues



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Landfill Gas Tax Credits Included in Energy Bill

The Energy Policy Act of 2005 (Act), signed into law by President Bush on August 8, 2005, makes a number of changes to the section 45 renewable electricity production tax credit, including:

- Extending the placed-in-service window by two years, from December 31, 2005 to December 31, 2007, for facilities that produce electricity from landfill gas (LFG);
- Extending the credit period from 5 to 10 years for new facilities originally placed in service after the date of enactment; and
- Eliminating the credit for any facility which produces electricity from LFG if the gas was generated at a facility that currently or at any time in the past qualified for the section 29 tax credit (i.e., double-dipping is not allowed).

The Act also designates the old section 29 tax credit for direct-use of LFG as a fuel as new section 45K. As part of the general business credit under section 38, the credit may now be carried back one year or forward 20 years (starting in 2006).

While the Act will not significantly change the economic viability of LFG recovery for many smaller facilities, it does extend the time frame for gaining tax credits for new installations producing electricity (the former deadline didn't provide the time to evaluate and install LFG to energy if it wasn't already being planned). It is also a recognition that LFG as an alternate energy source is worthy of consideration.

To view the full text the bill, visit the [Committee on Energy and Commerce Web site](http://energycommerce.house.gov/) - <http://energycommerce.house.gov/>. Scroll down and click on "Conference Report for H.R. 6, The Energy Policy Act of 2005." You may also contact Jeff Crate, (jcrate@daa.com), at (540) 552-0444 for a copy or more information.

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